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To amend title XVIII of the Social Security Act to provide payments to Medicare ambulance suppliers of the full cost of furnishing such services, to provide payments to rural ambulance providers and suppliers to account for the cost of serving areas with low population density, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 2005

Mr. REYNOLDS (for himself, Mr. ALLEN, Mr. PICKERING, Mr. OBERSTAR, Mr. TAYLOR of Mississippi, Mr. DICKS, Mr. REYES, Mr. PAYNE, Mr. McNULTY, Mr. HINCHEY, Mr. PLATTS, Mr. KOLBE, Mr. McHUGH, Mr. BOUSTANY, Mr. KILDEE, Mr. DAVIS of Alabama, Mr. RENZI, and Mr. HOLDEN) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title XVIII of the Social Security Act to provide payments to Medicare ambulance suppliers of the full cost of furnishing such services, to provide payments to rural ambulance providers and suppliers to account for the cost of serving areas with low population density, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Medicare Ambulance
3 Payment Reform and Rural Equity Act of 2005”.

4 **SEC. 2. AMBULANCE PAYMENT RATES.**

5 (a) PAYMENT RATES.—Section 1834(l)(3) of the So-
6 cial Security Act (42 U.S.C. 1395m(l)(3)) is amended to
7 read as follows:

8 “(3) PAYMENT RATES.—Subject to any adjust-
9 ment under subparagraph (B) and paragraph (13)
10 and the full payment of a national mileage rate pur-
11 suant to paragraph (2)(E), the Secretary shall mod-
12 ify the fee schedule established under paragraph (1)
13 as follows:

14 “(A) PAYMENT RATES IN 2006.—

15 “(i) GROUND AMBULANCE SERV-
16 ICES.—In the case of ground ambulance
17 services furnished under this part in 2006,
18 the Secretary shall set the payment rates
19 under the fee schedule for such services at
20 a rate based on the average costs (as de-
21 termined by the Secretary on the basis of
22 the most recent and reliable information
23 available) incurred by full cost ambulance
24 suppliers in providing nonemergency basic
25 life support ambulance services covered
26 under this title, with adjustments to the

1 rates for other ground ambulance service
2 levels to be determined based on the rule
3 established under paragraph (1). For the
4 purposes of the preceding sentence, the
5 term ‘full cost ambulance supplier’ means
6 a supplier for which volunteers or other
7 unpaid staff comprise less than 20 percent
8 of the supplier’s total staff and which re-
9 ceives less than 20 percent of space and
10 other capital assets free of charge.

11 “(ii) OTHER AMBULANCE SERVICES.—

12 In the case of ambulance services not de-
13 scribed in subclause (i) that are furnished
14 under this part in 2006, the Secretary
15 shall set the payment rates under the fee
16 schedule for such services based on the
17 rule established under paragraph (1).

18 “(B) PAYMENT RATES IN SUBSEQUENT

19 YEARS FOR ALL AMBULANCE SERVICES.—In the
20 case of any ambulance service furnished under
21 this part in 2007 or any subsequent year, the
22 Secretary shall set the payment rates under the
23 fee schedule for such service at amounts equal
24 to the payment rate under the fee schedule for
25 that service furnished during the previous year,

1 increased by the percentage increase in the
 2 Consumer Price Index for all urban consumers
 3 (United States city average) for the 12-month
 4 period ending with June of the previous year.”.

5 (b) CONFORMING AMENDMENT.—(1) Section 221(c)
 6 of the Medicare, Medicaid, and SCHIP Benefits Improve-
 7 ment and Protection Act of 2000 (114 Stat. 2763A–487),
 8 as enacted into law by section 1(a)(6) of Public Law 106–
 9 554, is repealed.

10 (2) The amendment made by paragraph (1) shall
 11 take effect on January 1, 2006, and shall apply to pay-
 12 ments for ambulance services furnished on or after such
 13 date.

14 **SEC. 3. IMPROVEMENT IN PAYMENTS TO RETAIN EMER-**
 15 **GENCY AND OTHER CAPACITY FOR AMBU-**
 16 **LANCES IN RURAL AREAS.**

17 (a) IN GENERAL.—Section 1834(l) of the Social Se-
 18 curity Act (42 U.S.C. 1395m(l)) is amended by adding
 19 at the end the following new paragraph:

20 “(15) ADDITIONAL PAYMENTS FOR PROVIDERS
 21 FURNISHING AMBULANCES SERVICES IN RURAL
 22 AREAS.—

23 “(A) IN GENERAL.—In the case of ground
 24 ambulance services furnished on or after Janu-
 25 ary 1, 2006, for which the transportation origi-

1 nates in a rural area (as determined under sub-
2 paragraph (B)), the Secretary shall provide for
3 a percent increase in the base rate of the fee
4 schedule for a trip identified under this sub-
5 section.

6 “(B) IDENTIFICATION OF RURAL AREAS.—

7 The Secretary, in consultation with the Office
8 of Rural Health Policy, shall use the Rural-
9 Urban Commuting Areas (RUCA) coding sys-
10 tem, adopted by that Office, to designate rural
11 areas for the purposes of this paragraph. A
12 rural area is any area in RUCA level 2 through
13 10 and any unclassified area.

14 “(C) TIERING OF RURAL AREAS.—The

15 Secretary shall designate 4 tiers of rural areas,
16 using a zip code population-based methodology
17 generated by the RUCA coding system, as fol-
18 lows:

19 “(i) TIER 1.—A rural area that is a

20 high metropolitan commuting area, in
21 which 30 percent or more of the com-
22 muting flow is to an urban area, as des-
23 ignated by the Bureau of the Census
24 (RUCA level 2).

1 “(ii) TIER 2.—A rural area that is a
2 low metropolitan commuting area, in which
3 less than 30 percent of the commuting flow
4 is to an urban area or to a large town, as
5 designated by the Bureau of the Census
6 (RUCA levels 3–6).

7 “(iii) TIER 3.—A rural area that is a
8 small town core, as designated by the Bu-
9 reau of the Census, in which no significant
10 portion of the commuting flow is to an
11 area of population greater than 10,000
12 people (RUCA levels 7–9).

13 “(iv) TIER 4.—A rural area in which
14 there is no dominant commuting flow
15 (RUCA level 10) and any unclassified area.

16 The Secretary shall consult with the Office of
17 Rural Health Policy not less often than every 2
18 years to update the designation of rural areas
19 in accordance with any changes that are made
20 to the RUCA system.

21 “(D) PAYMENT ADJUSTMENTS FOR TRIPS
22 IN RURAL AREAS.—The Secretary shall adjust
23 the payment rate under this section for ambu-
24 lance trips that originate in each of the tiers es-
25 tablished in subparagraph (C). The adjustment

1 shall be a percentage increase in the base pay-
2 ment rate as follows:

3 “(i) TIER 1.—5.5 percent.

4 “(ii) TIER 2.—11 percent.

5 “(iii) TIER 3.—16.5 percent.

6 “(iv) TIER 4.—22 percent.”.

7 (b) REVIEW OF PAYMENTS FOR RURAL AMBULANCE
8 SERVICES AND REPORT TO CONGRESS.—

9 (1) REVIEW.—Not later than July 1, 2008, the
10 Secretary of Health and Human Services shall re-
11 view the system for adjusting payments for rural
12 ambulance services under section 1834(l)(15) of the
13 Social Security Act (42 U.S.C. 1395m(l)(15)), as
14 added by subsection (a), to determine the adequacy
15 and appropriateness of such adjustments. In con-
16 ducting such review the Secretary shall consult with
17 providers and suppliers affected by such adjustments
18 and with representatives of the ambulance industry
19 generally to determine—

20 (A) whether such adjustments adequately
21 cover the additional costs incurred in serving
22 areas of low population density; and

23 (B) whether the tiered structure for mak-
24 ing such adjustments appropriately reflects the

1 difference in costs of providing services in dif-
2 ferent types of rural areas.

3 (2) REPORT.—Not later than January 1, 2009,
4 the Secretary shall submit to Congress a report set-
5 ting forth the results of such review and any rec-
6 ommendations for revision to the systems for adjust-
7 ing payments for ambulance services in rural areas.

8 (c) CONFORMING AMENDMENTS.—(1) Section
9 1834(l) of the Social Security Act (42 U.S.C. 1395m(l)),
10 as amended by subsection (a), is further amended by add-
11 ing at the end the following new paragraph:

12 “(16) DESIGNATION OF RURAL AREAS FOR
13 MILEAGE PAYMENT PURPOSES.—In establishing any
14 differential in the amount of payment for mileage
15 between rural and urban areas in the fee schedule
16 established under paragraph (1), the Secretary shall
17 identify rural areas in the same manner as provided
18 in paragraph (15)(B).”.

19 (2) Section 1834(l)(12)(A) of the Social Security Act
20 (42 U.S.C. 1395m(l)(12)(A)) is amended by striking
21 “January 1, 2010” and inserting “January 1, 2006”.

22 (3) Section 1834(l)(13)(A)(i) of the Social Security
23 Act (42 U.S.C. 1395m(l)(13)(A)(i)) is amended by insert-
24 ing “(or in the case of such services furnished in 2006,

1 in a rural area identified by the Secretary under para-
 2 graph (15)(B))” after “such paragraph”.

3 **SEC. 4. USE OF MEDICAL CONDITIONS FOR CODING AMBU-**
 4 **LANCE SERVICES.**

5 Section 1834(l)(7) of the Social Security Act (42
 6 U.S.C. 1395m(l)(7)) is amended to read as follows:

7 “(7) CODING SYSTEM.—

8 “(A) IN GENERAL.—The Secretary shall,
 9 in accordance with section 1173(c)(1)(B) and
 10 not later than January 1, 2006, establish a
 11 mandatory system or systems for the coding of
 12 claims for ambulance services for which pay-
 13 ment is made under this subsection, including a
 14 code set specifying the medical condition of the
 15 individual who is transported and the level of
 16 service that is appropriate for the transpor-
 17 tation of an individual with that medical condi-
 18 tion.

19 “(B) MEDICAL CONDITIONS.—The code set
 20 established under subparagraph (A) shall take
 21 into account the list of medical conditions devel-
 22 oped in the course of the negotiated rulemaking
 23 process conducted under paragraph (1).”.

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